WEST VIRGINIA CODE: §33-6C-4

§33-6C-4. Form of guarantee; requirements.

(a) Individual sickness and accident policy benefits under a policy form other than a limited benefits policy form or certificate shall be deemed reasonable in relation to the premium charged, as required by subdivision (e), section nine, article six of this chapter, if the premium rates are filed pursuant to a loss ratio guarantee which meets the requirements of this article. The Insurance Commissioner shall not withdraw approval of a form on the grounds that benefits are unreasonable in relation to premiums charged so long as the insurer complies with the terms of the loss ratio guarantee.

(b) Each insurer of individual sickness and accident policy benefits other than benefits under limited benefits policy forms or certificates shall execute and deliver to the Insurance Commissioner a loss ratio guarantee, to be provided by the commissioner, which guarantee shall be signed by an officer of the insurer.

(c) Each loss ratio guarantee shall contain, at a minimum, the following:

(1) A recitation of the anticipated lifetime and durational target loss ratios contained in the original actuarial memorandum filed with the policy form when it was originally approved;

(2) A guarantee that the actual West Virginia loss ratios for the experience period in which the new rates take effect, and for each experience period thereafter until new rates are filed, will meet or exceed the anticipated lifetime and durational target loss ratios contained in the original actuarial memorandum noted above;

(3) A guarantee that the actual West Virginia or, if applicable, national, loss ratio results for the experience period at issue will be independently audited at the insurer's expense; that such audit will be completed in the second quarter of the year following the end of the experience period; and that the results of such audit will be reported to the Insurance Commissioner not later than June 30 following the end of the experience period;

(4) A guarantee that if the actual loss ratio during an experience period is less than the anticipated loss ratio for that period, then West Virginia policyholders will receive a proportional refund based on premium earned, which refunds shall be calculated and paid pursuant to section thirty-nine of this article; and

(5) A guarantee that the insurer does not engage in any discriminatory practices prohibited by section four, article eleven of this chapter or any such practice which discriminates against any individual on the basis of his or her legal occupation, race, religion or residence.

WV Legislature